

Chester V. Ward  
Illinois State Bank Building

2005 SEP -6 AM 10:12

September 2, 2005

FDIC  
Director John Carter  
25 Jessie Street at Ecker Square, Ste 2300  
San Francisco, California 94105

Dear Director Carter

Please accept this letter as a recommendation to deny WalMart's application for an ILC charter. The granting of an ILC charter to WalMart threatens the financial safety provided by separation of banking and commerce, it is unhealthy for competition and would allow WalMart entrance to a nationwide bank branching network while being exempted from Bank Holding Company Act of 1956 regulation.

United States history has shown that the separation of banking and commerce provides a level of safety. The mixing of commerce with banking has historically encouraged banks to take greater risks than should have been taken. The mixing of commerce and banking presents the potential for accepting a higher risk by establishing a conflict of interest. In order to avoid this conflict, banks should confine their activities to banking, only. It is not economically healthy to accept higher risk and a potential conflict of interest with deposits that may be federally insured. Mixing of commerce and industry has not worked in our history and there is no reason to believe that it will work now. This premise may be further explored in FRBSF Economic Letter 98-21: July 3, 1998.

The granting of an ILC to WalMart is not healthy for competition. WalMart is the largest retailer in the world. Granting an ILC would allow WalMart to begin a nationwide network of banks that competitively could destroy the independent banking system that has served this country. WalMart has the potential to be a centralized bank. A centralized bank has never worked in the history of the United States since the First Bank of the United States was liquidated in 1811. Competition is the basis of our banking system. This basic premise of our banking system, competition, would be destroyed.

Finally, ILC's are exempt from the Bank Holding Company Act of 1956. The Bank Holding Company Act was implemented in response to banks forming holding companies in order to own both banking and non banking businesses. This act reconfirmed that the potential for a conflict of interest existed without the legislation.

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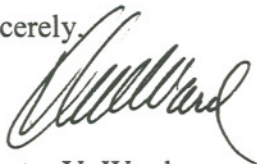
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The act was passed to prohibit banks from entering non bank businesses. But, it also restricts non bank businesses from entering the banking business and WalMart should not be exempt from this act.

In summary we should learn from our past. The mixing of commerce and banking has not worked and will not work with WalMart. Please learn from our past and do not grant the WalMart application for an ILC.

Thank you for your time.

Sincerely,

A handwritten signature in cursive script, appearing to read 'C. Ward', written in dark ink.

Chester V. Ward